BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

IN RE:	H. P. Vinson, III)
	Dist. 9, Map 75K, Group C, Control Map 75J,) Maury County
	Parcel 2.00)
	Commercial Property	Ś
	Tax Year 2006	j

INITIAL DECISION AND ORDER

Statement of the Case

The subject property is presently valued as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$1,494,000	\$ -0-	\$1,494,000	\$597,600

An appeal has been filed on behalf of the property owner with the State Board of Equalization. The undersigned administrative judge conducted a hearing in this matter on October 10, 2006 in Columbia, Tennessee. In attendance at the hearing were H. P. Vinson III, the appellant, L. Wayne Edmondson and Maury County Deputy Assessor Bobby Daniels.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of an unimproved 9.96 acre tract located on Nashville Highway in Columbia, Tennessee. Subject property is zoned GCS (general commercial).

The taxpayer contended that subject property should be valued at \$700,000. In support of this position, the analysis and testimony of state certified general real estate appraiser L. Wayne Edmondson was introduced into evidence. Mr. Edmondson essentially testified that in his opinion the highest and best use of subject property was to develop 523.1 front feet to a depth of 200 feet (104,620 square feet or 2.4 acres) for retail and the remaining 7.56 acres for apartments or other multi-family use. Based upon his analysis of comparable sales, Mr. Edmondson estimated the value of the retail frontage at \$5.00 per square feet or \$523,100 and the remaining 7.56 acres at \$25,000 per square foot or \$189,000. This results in a total estimated value of \$712,100 before rounding.

The assessor contended that subject property should be valued at \$1,494,000. In support of this position, Mr. Daniels testified that in his opinion the highest and best use of all the acreage was for retail development. Based upon his review of comparable sales, Mr. Daniels concluded that subject property has a value of \$5.01 per square foot or \$2,173,600 before adjusting for size. Given the size of subject tract vis-à-vis the significantly smaller comparables, Mr. Daniels asserted that the mass-appraisal value of \$1,494,000 appeared appropriate. Although Mr. Daniels placed primary emphasis on the sales comparison

approach, his report also included an income approach with an indicated value of \$1,958,800.

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

After having reviewed all the evidence in the case, the administrative judge finds that the subject property should be valued at \$753,200.

The administrative judge finds that the primary issue concerns highest and best use. In particular, it must be determined whether retail development constitutes the highest and best use for the entire tract as contended by Mr. Daniels or for only a portion as contended by Mr. Edmondson. Both appraisers agree that the acreage suitable for retail development has a market value of \$5.00 per square foot.

Respectfully, the administrative judge finds that the preponderance of the evidence supports Mr. Edmondson's conclusion that the highest and best use of subject property is to develop 2.4 acres as retail frontage and the remaining 7.56 acres for multi-family.

The administrative judge finds that subject property is located in a transitional area where the farm and residential development to the north gives way to commercial development to the south. The administrative judge finds that subject property literally straddles the line as evidenced by the development pictorially summarized in exhibit 1.

The administrative judge finds that Mr. Daniels' opinion of highest and best use was driven by two factors. First, subject site is unusually flat. Second, tracts as large as 10 acres are not typically available for commercial development in the immediate area.

The administrative judge finds that Mr. Daniels introduced insufficient evidence to substantiate his contention that demand exists for a 10 acre retail development.

Significantly, the administrative judge finds that the two examples cited by Mr. Daniels (Roberts Toyota and a strip center) contain approximately 3 acres and 2.39 acres. Absent additional evidence, the administrative judge finds it would be highly speculative in contravention of Tenn. Code Ann. § 67-5-601(a) to assume that retail development constitutes the highest and best use of the entire tract.

The other area of disagreement between the appraisers concerned the value of the 7.56 acres Mr. Edmondson appraised at \$25,000 per acre. In particular, Mr. Daniels asserted that subject acreage has a significantly higher market value than the comparables because of its superior topography and zoning.

The administrative judge finds Mr. Daniels' argument persuasive on this issue. However, Mr. Daniels did not introduce any evidence on this particular point because of his highest and best use analysis. Absent additional evidence, the administrative judge can only conclude that the 7.56 acres should be appraised at \$30,435 per acre which represents the upper limit of Mr. Edmondson's acreage land sales.

Based upon the foregoing, the administrative judge finds that 2.4 acres should be valued at \$523,100 and the remaining 7.56 acres at \$230,089. This results in a total value of \$753,189 before rounding.

ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2006:

 LAND VALUE
 IMPROVEMENT VALUE
 TOTAL VALUE
 ASSESSMENT

 \$753,200
 \$ -0 \$753,200
 \$301,280

It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

- 1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal "must be filed within thirty (30) days from the date the initial decision is sent." Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal "identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order"; or
- 2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or
- 3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 25th day of October, 2006.

MARK J.MINSKY

ADMINISTRATIVE JUDGE

TENNESSEE DEPARTMENT OF STATE

ADMINISTRATIVE PROCEDURES DIVISION

c: Mr. H. P. Vinson, III Douglas R. Dooley, Assessor of Property